

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 L-03 H-03 CIAE-00 INR-10 NSAE-00 RSC-01

AID-20 EB-11 OPIC-12 COME-00 AGR-20 OMB-01 TRSE-00

RSR-01 /103 W

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R 022334Z AUG 73

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 7280

INFO AMCONSUL MERIDA

LIMITED OFFICIAL USE MEXICO 5713

E.O. 11652: N/A

TAGS: BDIS, MX

SUBJECT: REQUEST FOR ASSISTANCE IN REQUIREING GOM TO FULFILL
HENEQUEN CONTRACT

REF: A. STATE A-4885 B. MEXICO A-4942 C. RYERSON/JOHN HAMILTON
TELCON, AUGUST 1, 1973.

1. EMBASSY CONTINES TO FOLLOW UP ON INTERNATIONAL HARVESTER
BARTER ARRANGMENT WITH MEXICAN GOVERNMENT AGENCIES FOR HENEQUEN
EXPORT TO US AND IH EXPORTS TO MEXICO. CONTINUOUS CONTACT HAS
BEEN MAINTAINED WITH MEXICO CITY REPRESENTATIVE OF IH, BRONY MEHL,
WHO HAS SUPPLIED EMBASSY WITH COPIES OF CORRESPONDENCE AND BACK-
GROUND INFORMATION ON PROBLEM.

2. LIC. FRANCISCO RAMOS CANTORAL, DIRECTOR GENERAL OF INTER-
NATIONAL AFFAIRS IN SECRETARIAT OF AGRICULTURE, HAS ALSO BEEN
INFORMED AND SUBSEQUENTLY CONTACTED REGARDING NON-FULFILLMENT OF
CONTRACT. HE HAS EXPRESSED INTEREST IN CLEARING UP PROBLEM AND
HAS ASSIGNED MEMBERS OF HIS OFFICE TO GET FACTS. RAMOS APPEARS
WILLING TO HELP, AS HE HAS ON OTHER MATTERS IN THE PAST, BUT
WANTS COMPLETE INVESTIGATION OF CASE BEFORE TAKING ACTION. HE
STATED THAT FIRST INDICATIONS ARE THAT IH IS ALSO GUILTY OF NOT
FULFILLING ITS TERMS OF CONTRACT, INCLUDING SHIPMENT OF INFERIOR
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EQUIPMENT. MEHL STATES THAT THE ONLY COMPLAINTS WERE REGARDING

POOR SERVICING AND ALL HAVE BEEN ATTENDED TO. MOST COMPLAINTS
STEM FROM NOT FOLLOWING DIRECTIONS ON USE OF EQUIPMENT. LETTER
TO RAMSO CANTORAL EXPLAINS MISUNDERSTANDINGS ON COMPLAINTS
ALLEGEDLY SENT TO IH.

3. BANCO AGRARIO DE YUCATAN ALSO CONTACTED DIRECTLY TO ASCERTAIN
SITUATION IN YUCATAN VIS-A-VIS NEEDS OF CORDOMEX, GOVERNMENT
HENEQUEN PLANT IN YUCATAN, AS WELL AS INTENTIONS OF INCREASING
PROMISED SHIPMENTS TO PRACTICAL LEVEL. WHEN EMBASSY OFFICER
CONTACTED ELEAZAR SANTIAGO CRUZ, DIRECTOR-MANAGER OF BANK, HE WAS
VERY NEGATIVE, AND EVEN DISCOURTEOUS, STATING THAT THEY TAKE CARE
OF THE INTERESTS OF THEIR OWN FACTORIES FIRST. IT WAS POINTED OUT
THAT WE WERE MERELY ASKING FOR AN INCREASE FROM 4,000 TO 6/8,000
BALES A DAY TO LET THE FACTORIES IN THE US CONTINUE TO OPERATE. HE
STATED THAT POOR CROPS, INCREASING DEMAND WORLDWIDE, PARTICULARLY
BY ITS OWN CORDOMEX PLANT, MEANT THAT SHIPMENTS WOULD HAVE TO BE
RESTRICTED BUT PROMISED 4,000 BALES DURING JULY WITH POSSIBLE
SAME AMOUNTS IN THE FUTURE MONTHS.

4. IT IS BELIEVED RAMOS CANTORAL WILL DO WHAT HE CAN TO HELP,
ALTHOUGH POSSIBILITY OF INCREASED SHIPMENTS AT THIS TIME MINIMAL
DUE TO LIMITED SUPPLY AND INCREASED DEMAND BY CORDOMEX. IT IS
ALSO BELIEVED GOM WILL TAKE CARE OF CORDOMEX BEFORE HONORING
CONTRACTS, SINCE IT HAS ONLY RECENTLY BEGUN TO EDGE TOWARD A
PROFIT. RAMOS CANTORAL STATES THAT NEW CROP APPEARS LARGER AND
CHANCE OF RELIEF MAY EXIST WHEN HARVEST IS OVER. HOWEVER, MUCH
DEPENDS ON GENERAL WORLD DEMAND AND DEVELOPMENT OF BUSINESS BY
CORDOMEX.

5. EMBASSY WILL CONTINUE TO PRESS FOR FULFILLMENT OF CONTRACT,
ALTHOUGH US RESTRICTIONS ON EXPORTS OF FERROUS SCRAP AND
CERTAIN AGRICULTURAL PRODUCTS MAY SOMEWHAT WEAKEN OUR POSITION.
MCBRIDE

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